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BI and analytics tools top list of planned 2014 software initiatives

By Ed Burns

Brian Tvenstrup has big plans for broadening the use of analytics at his company. Tvenstrup is chief analytics officer at Modern Marketing Concepts Inc., a marketing services firm in Binghamton, N.Y.; during 2014, he intends to apply predictive analytics software to website activity log and clickstream data to try to get a better sense of which of his clients' customers are ready to buy -- and which ones might need a boost. The goal is to better target marketing efforts and, hopefully, increase sales.

And Tvenstrup isn't alone in looking for new ways to extract value from data through the use of business intelligence (BI) and analytics tools. TechTarget's annual IT Priorities Survey, conducted in late 2013, found that BI, analytics and data warehousing projects topped the list of planned software initiatives in organizations for 2014. Nearly 41% of 3,088 respondents -- 40.9%, to be precise -- said their companies would deploy projects in that category. That beat out planned initiatives for mobile applications (37.1%), business process automation (27.7%), service-oriented architecture (22.2%) and even custom application development (35.5%).

Tvenstrup said the huge increase in the availability of Web and customer data has made it much easier for Modern Marketing Concepts to delve into the world of predictive analytics, which he thinks can help create a lot of business value for his clients.

"If you don't have the data, you can have the best software tools in the world, but you're going to struggle to drive business decisions," he said. "We've reached a tipping point where now it's just an explosion" in the amount of useful data being captured.

CIBC, a Toronto-based banking and financial services firm, also plans to make a big analytics push in 2014 and into the future. The bank is currently piloting several predictive and big data analytics applications for uses such as evaluating marketing campaigns, detecting fraud and assessing financial risks, said Sam Dotro, executive director of enterprise architecture at CIBC.

Banking on BI and analytics

Dotro, who took part in a panel discussion on big data management and analytics at the 2014 Oracle Industry Connect conference in Boston, said he expects some production deployments to begin later in the year, with more to follow in 2015. "We have no choice," he said. "We're going to be laggards if we don't. Information is king."

One of the business goals of the analytics initiative is to improve CIBC's marketing and customer service efforts. But it's also aimed at creating a more data-oriented culture at the bank, said Dotro, who works out of CIBC's offices in New York. For now, there's still "a lot of intuition and gut feel on decisions," he said. "In five years, we will be a more data-driven organization."

Another company that has been on a drive to become more data-driven is Alfa Insurance, an insurer in Montgomery, Ala., that primarily operates in Alabama, Mississippi and Georgia. Speaking at the TDWI BI Executive Summit in Las Vegas in February, Mike Rowell, vice president of business development, said the company started down the BI path in 2007. Initially, Alfa wanted to base its underwriting

decisions on data analysis, which it began doing in 2009. Since then, the organization has expanded its use of analytics to nearly every part of the business, including fraud detection, lead generation and financial forecasting.

Rowell said the BI efforts enabled Alfa to "design a marketing program that would let us find the right customers," meaning ones with a high value to the company. In turn, that helped Alfa reduce its overall loss ratio on policies by nine percentage points from 2010 to 2013. "That doesn't sound like a lot," he said. "But when you're talking about 3% or 4% profit margins, it's the difference between making money and not making money."

The high level of interest across organizations in using BI and analytics systems to improve decision making is no surprise, said Merv Adrian, an analyst at Gartner Inc. In an email interview, he said surveys consistently show that the effective use of information tops lists of priorities in businesses. What's new, he added, is the improved ability to derive deep insights from data.

"We continue to get more information to work with and better to tools to use with it, so it's natural that organizations see the category as a necessary path to improvement," Adrian said.

Proper care required on BI data

Still, organizations need to be thoughtful as they plan their implementations of BI and analytics tools. Only 19.7% of the TechTarget survey respondents said their companies had data quality or data governance initiatives in the works for 2014. That may be because many organizations already have active quality and governance programs. But proceeding with an analytics project without first putting in place data quality processes and data governance policies could result in inconsistent information that limits the value of BI and analytics efforts.

"If you can't trust the data, you can't trust the results," Adrian said. "The current explosion in new data and tools investment is sometimes happening outside existing, carefully crafted governance regimes, so there is huge risk here."

Another potential sticking point is the availability of workers who can run analytical queries and create reports -- and understand the results they generate. Tvenstrup said Modern Marketing Concepts now asks most of its marketers, who were traditionally considered creative professionals, to have some proficiency with using reports. But not everyone can balance the demand to use data to drive decisions with the kind of thinking that goes into creating marketing campaigns, he added.

Nonetheless, Tvenstrup thinks the future is likely to belong to businesses that can take advantage of the growing availability of data and more user-friendly BI and analytics tools.

Ed Burns is site editor of SearchBusinessAnalytics. Email him at eburns@techtarget.com and follow him on Twitter: @EdBurnsTT.

Executive editor Craig Stedman also contributed to this story.

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